

Option 2:- HP1 and HP3 are treated as SOP and HP2 treated as DLOP

Particulars	SOP	
	HP1 & HP3	HP2 (DLOP)
↑ Municipal value	-	360000
↓ fair Rent	-	275000
↓ whichever is Higher	-	360000
↓ Standard Rent	-	370000
↑ Expected Rent	-	360000
↑ Actual Rent	-	-
Gross Annual value	-	360000
(-) Municipal Taxes paid	-	(28800)
Net Annual value	-	331200
(-) Deduction u/s 24		
a) Standard Ded ⁿ @ 30% of NAV	-	(99360)
b) Interest on loan	(175000)	(55000)
	(175000)	176840
		1840
	Net IFHP	

Net IFHP 184

option 3:- HP1 treated as DLOP and HP2 and HP3 treated as SOP

Particulars	HP2 & HP3	HP1 (DLOP)
↑ Municipal value	-	300000
↑ Fair Rent	-	375000
↓ whichever is Higher	-	375000
↓ Standard Rent	-	350000
↑ Expected Rent	-	350000
↑ Actual Rent	-	-
Gross Annual Value	-	350000
(→) Municipal Taxes paid	-	(36000)
Net Annual Value	-	314000
(→) Deduction u/s 24		
a) Standard ded ⁿ - @ 30% of NAV	-	(94200)
b) Interest on loan	(200000)	-
	IFHP (200000)	219800
	NIFHP	19800

WN 1:- Interest on loan	₹
HP 2 :- Interest on loan taken for repairs	55000
Max limit	30000
HP 3:- Interest on loan taken for purchase of HP	175000
Max limit	205000

Max Interest allowed in case of SOP is ₹ 200000

Net IFHP :- I - 43640
 II :- 1840
 III :- 19800

Conclusion :- Since Income from House Property is lower in option II so assessee should treat House I and House III as SOP and House II is treated as DOP.

Part B:- IF Assessee paid tax as per default tax regime v/s 115BAC

In this case Assessee is not eligible to claim interest deduction in case of SOP so his Income would be

Option I :- 73640

II :- 176800

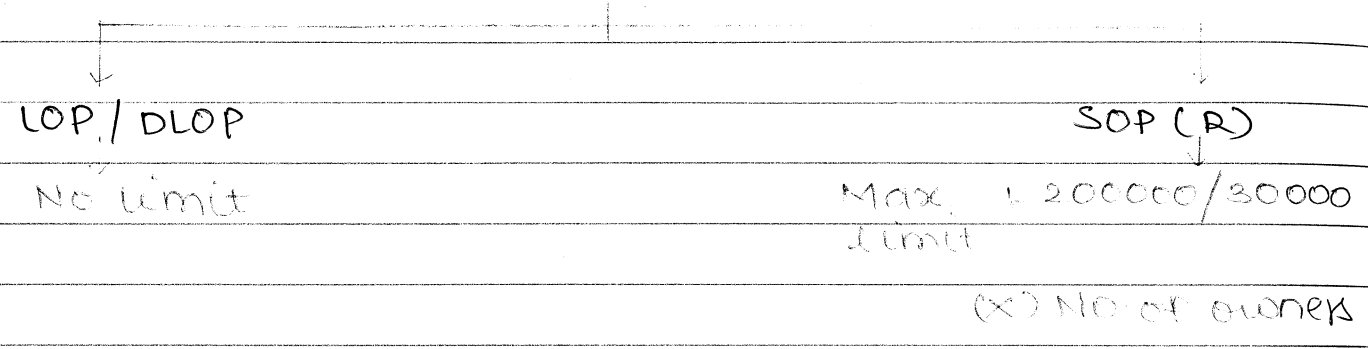
III :- 219800

Conclusion :- In this case option I is beneficial for the Assessee so House I and House II treated as SOP and House III is treated as DOP.

— Joint ownership (co-ownership).

It means property is owned by more than one owner. In this case Income from House Property is calculated normally and thereafter it should be divided between co-owners in their ownership Ratio.

Interest on Loan xxx



Q13 Pg 57 computation of Income from House Property.

Particulars	"LOP"	₹
↑ Municipal value		160000
↑ Fair Rent		150000
↓ whichever is Higher		160000
↓ Standard Rent		170000
↑ Expected Rent		160000
↑ Actual Rent		180000
Gross Annual value		180000
(-) Municipal Taxes paid		-
Net Annual value		180000
(-) Deduction u/s 24		
a) standard ded ⁿ @ 30% on NAV		(54000)
b) Interest on loan		(30000)
IFHP		96000
MR. Raman		Mr BRO Inc.
48000		48000

Note 1:- Municipal Taxes of ₹ 5100 will not be allowed since it is paid by Tenant.

Note 2:- Interest is allowed on due basis, so total interest of ₹ 25000 shall be allowed as deduction even when actual interest paid is ₹ 21000.

Note 3:- Interest on Interest (Penal interest) not allowed as deduction.

Note 4:- If any fresh loan is taken for repayment of earlier loan and earlier loan was taken for purpose of HP then interest on fresh loan is also allowed as deduction.

So in the present question ₹ 5000 interest on loan should be allowed.

— Arrears of Rent

It means Rent under dispute.

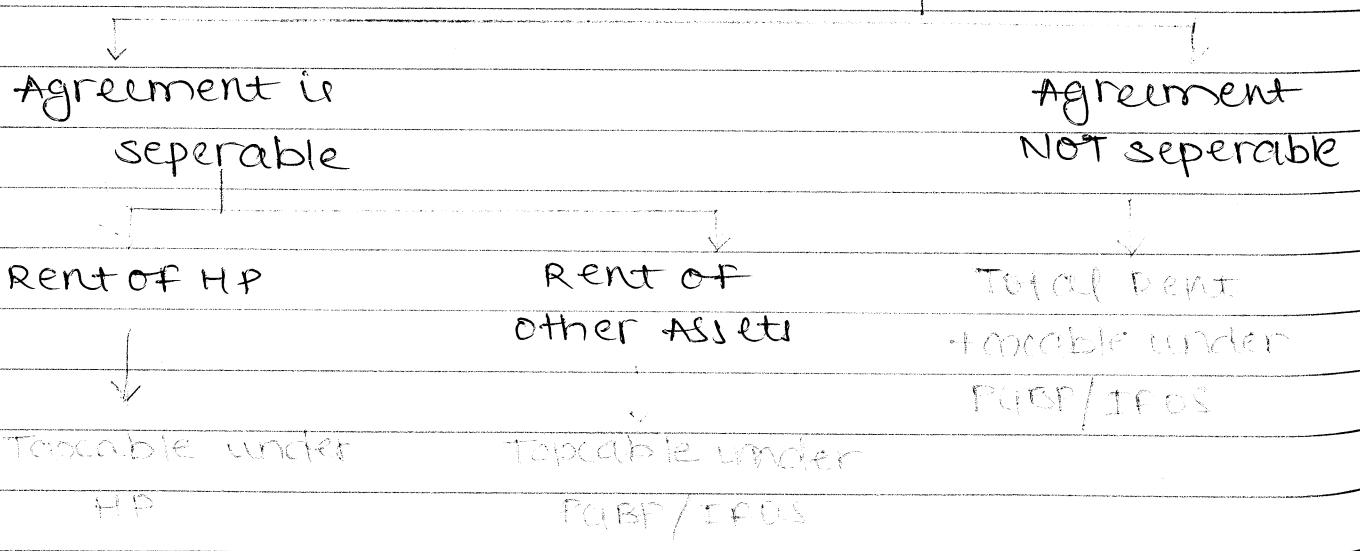
Sec 25A - Recovery of unrealised Rent / Arrears of Rent

Recovery is taxable in the year in which it is recovered under the head Income from House Property whether the Assessee is the owner of the property or not in the year of recovery.

Any expenditure incurred on recovery shall be ignored.

Taxable Amt = Recovery \times 70%. (30% std deduction allowed)

— Composite Rent (Rent from HP + Rent from other Assets)



is not

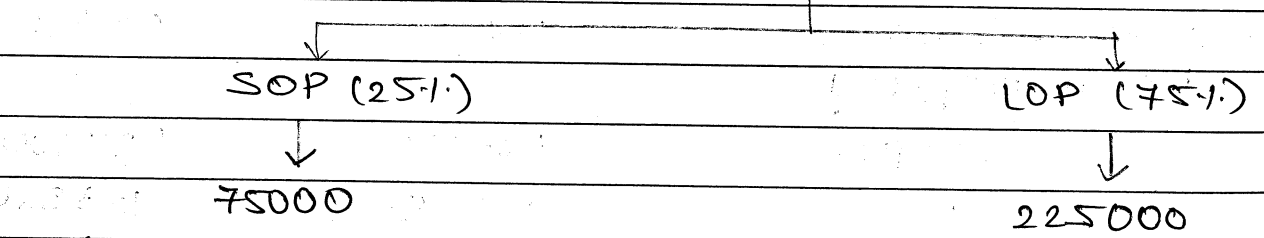
Note: - If let out of property, feasible without other Asset then total rent is taxable under the head PGBP or IFOS whether agreement is separable or not.

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Computation of Income from House Property as per Default tax Regime u/s 115BAC

Particulars	SOP (2 unit) 25%	LOP (6 unit) 75%
↑ Municipal Value	-	675000
↑ Fair Rent	-	-
↓ Whichever is Higher	-	675000
↓ Standard Rent	-	-
✗ Expected Rent	-	675000
Actual Rent (WN1)	-	816000
Gross Annual value	-	816000
(-) Municipal Taxes paid	-	(135000)
Net Annual value	-	681000
(-) Deduction u/s 24		
a) Standard Dedn on 30% of NAV	-	(204300)
b) Interest on loan	-	(225000)
IFHP		251700

WN1 :- Interest on loan = 300000



(Not allowed as Assessee opted sec 115BAC)

WN2 :- Actual Rent = Rent Rec'd + Receivable - unrealised rent

$$\begin{aligned}
 & (\$ \text{ unit} \times 12000 \times 12 \text{ m}) + (1 \text{ unit} \times 12000 \times 8 \text{ m}) \\
 = & 720000 + 96000 \\
 = & 816000
 \end{aligned}$$

WN3 :- vacancy

$$\begin{aligned}
 \text{ER} & \quad \text{AR} + \text{VR} \\
 675000 & \leq 816000 + 48000 \\
 & \quad \downarrow \quad \quad \quad (12000 \times 4 \text{ m}) \\
 & \quad \text{GAV}
 \end{aligned}$$

Total Income	Arun	Bimal
HP Income	125850	125850
Other Income	290000	180000
	415850	305850

Part B :- Computation of Total Income if Assessee # opt out from sec 11BAC

	Arun	Bimal
Income from House property	125850	125850
SOP (R)	(37500)	(37500)
LOP	125850	125850
other income	290000	180000
	378350	268350

HW
 Q9
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Option 1:- HPI and HP2 are treated as SOP and HP3 as DLOP

MS. Pihu FY 25-26 AY 26-27

Computation of Income from House Property

Particulars	HPI & HP2 SOP	HP3 DLOP
↑ Municipal value	-	120000
↑ Fair Rent	-	145000
↓ whichever is Higher	-	145000
↓ standard rent	-	130000
↑ Expected Rent	-	130000
Actual Rent	-	-
Gross Annual Value	-	130000
(-) Municipal Taxes paid	-	(12000)
Net Annual Value	-	118000
↳ Deduction u/s 24		
(a) Standard ded ⁿ @ 30% of NAV	-	(35400)
(b) Interest on loan	(30000)	-
	1FHP	82600
	NIFHP	52600

option 3 - HP2 & HP3 are treated as SOP and HP1 is treated as DLOP

Particulars	HP2 & HP3 SOP	HP1 DLOP
↑ Municipal value	-	130000
↓ Fair Rent	-	110000
↓ whichever is Higher standard Rent	-	130000
↑ Expected Rent	-	100000
Actual Rent	-	-
Gross Annual value	-	100000
(-) Municipal Taxes Paid	-	-
Net Annual value	-	100000
(-) Deduction u/s 24		
a) standard ded ⁿ @ 30% of NAV	-	(30000)
b) Interest on loan	(30000)	-
	(30000)	70000
	40000	

Conclusion - Since Income from House Property is lower in option 3 so assessee should treat House Property 2 and House Property 3 as SOP and House property 1 as DLOP.